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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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DATE: February 8, 2007

TO: Assessor's and Equalization Directors

FROM: State Tax Commission

SUBJECT: Update on the 14 Point Review Process

As you are aware, the Commission has since 2002 used the 14-point review process as a mechanism to evaluate the compliance of local units with the requirements of the General Property Tax Act and the State Tax Commission rules. In 2005, the Commission modified their process on 14-point reviews to include the following:

- Any local unit that fails the review will have a follow up review done to ensure compliance. Fail is a score of Substantially Non-compliant or Non-Compliant.
- All local units that failed the review since 2002 will have a follow up review done.
- Any unit that fails the follow up review will appear before the Commission to account for their failure to correct the deficiencies noted in the review and for the Commission to agree on a plan to ensure compliance.
- Any local unit that is non-compliant on the initial review will submit a plan within 30 days to bring the unit into compliance. Once accepted, the unit must implement the plan and a follow up review is done generally within one year.
- Any local unit that is substantially non-compliant on the initial review must also submit a plan within 30 days, but they are then required to meet in Lansing with staff to review the plan and agree on a final course of action.

In 2006, staff conducted 50 randomly selected 14-point reviews. This was reduced from the 83 normally conducted because of the large number of ordered 14-point reviews – particularly in Menominee County. Of the 50 reviews conducted, 29 units were compliant, 9 non-compliant and 9 substantially non-compliant. Reviews for three units were postponed until spring upon request of the unit. As an overall comparison: In 2005 we had 28 units or 34% fail the review. In 2004, we also had 28 or 34% fail. In 2003 - 39 units or 47% failed. In 2002 – 29 units or 35% failed. This compares to the 38% that failed in 2006.

In general, local units fail the review because of three major reasons: record cards have not been updated and/or are inaccurate, the unit does not have land value maps with current land values and the local unit does not have current ECF determinations. While updating record cards when it has not been done in some time is time consuming, it is critical to proper assessing as are current land value maps, and current ECF determinations. Also County Equalization Departments are required to receive various reports in a timely manner as required by law and are a part of the review.

A reminder, the 14 Point Review is a **Review Of Local Unit Assessment Administration Practices, Procedures And Records**. This is not an assessor review but a Unit review. Each Township may want to review the SAB document “Supervising preparation of the assessment roll”, which is a guide to the duties expected of each assessor. The mandatory requirements of the General Property Tax Act and the State Tax Commission rules and guidelines are what each Unit and its assessor must focus on as you work to develop your unit assessment rolls.

Enclosed is a list of the reviews conducted since 2002 and the scores. Please note that staff presented to the 2006 MAA conference a PowerPoint presentation on the 14-point review to provide a guide on the review questions and scoring. This is available on the STC CD put out yearly. We appreciate the cooperation of assessors and local units during these reviews and the Commission continues to believe in the importance of these reviews as a tool to evaluate local unit compliance with required statutes and rules. In May/June of 2007 the new list of random selection of units will be finalized and notices sent out. Should you have any questions, please feel free to contact Executive Secretary Kelli Sobel at any time.